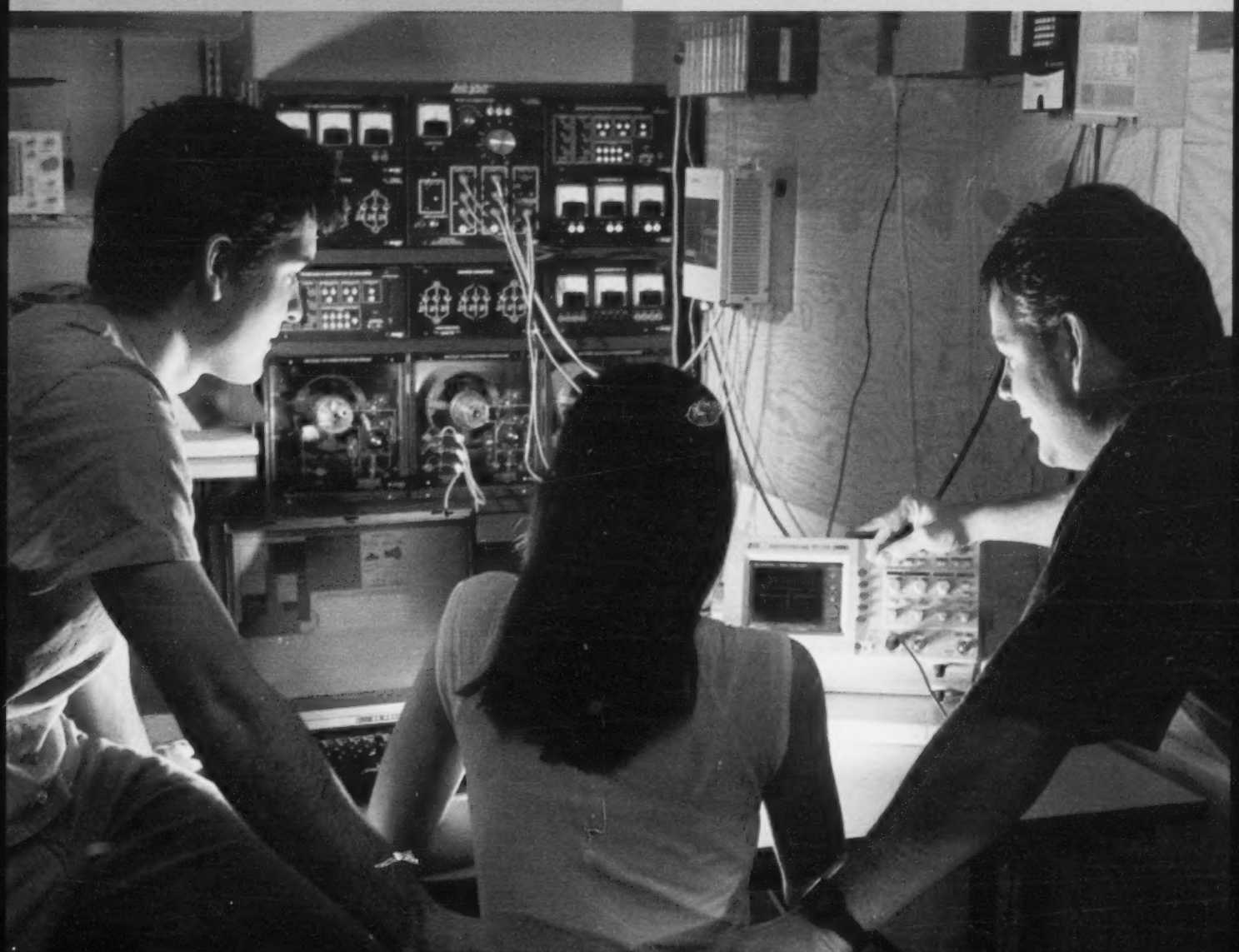
2010–2011
Annual Report

Higher Education Quality Council of Ontario



2010–2011 Annual Report

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Higher Education Quality Council of Ontario

An agency of the Government of Ontario

Cover photo courtesy of Doctor Bernie

Profile

The Higher Education Quality Council of Ontario (HEQCO) is an arm's-length agency of the Government of Ontario dedicated to ensuring the continued improvement of the postsecondary education system in Ontario. The Council was created through the Higher Education Quality Council of Ontario Act, 2005. It is mandated to conduct research, evaluate the postsecondary education system, and provide policy recommendations to the Minister of Training, Colleges and Universities with a view to enhance the quality, access and accountability of Ontario's higher education system.

Chair's Message

Welcome to HEQCO's 2010–2011 Annual Report.

Because of the fundamental importance of people to any organization, I begin with a key turning point last year when we said goodbye to our founding president, James Downey, and welcomed our new president, Harvey Weingarten. With Jim and Harvey, lightning has struck HEQCO twice: Jim got HEQCO going and recruited most of our talented staff led by Ken Norrie as vice-president, research, and Diana Macri, chief administrative officer. Harvey has impressively built on Jim's foundation and persuaded Susan Bloch-Nevitte to lead our communications efforts.

Although not leaving HEQCO's board until June, I wish to acknowledge the outstanding contributions of two colleagues, Catherine Henderson and David Marshall. They have been superb board members in so many ways and we sincerely thank them for their dedication and service not just to HEQCO but to postsecondary education generally in Ontario. I'd also like to acknowledge board member Norie Campbell, who was recently named a recipient of Canada's Top 40 Under 40 Awards. This is a prestigious recognition of her many talents and abilities and we are all very proud of her.

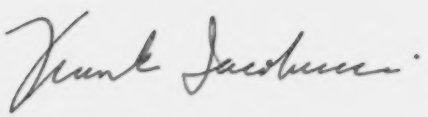
As for HEQCO's annual activities, I simply do not have the space to discuss them all in detail. HEQCO is a *key contributor to PSE policy discussions* having conducted or commissioned 129 research reports since it became operational in 2007. Some of this past year's highlights include a report on the benefits of greater differentiation of Ontario's university sector and a report on the tuition fee policy options for Ontario.

HEQCO is also a *catalyst for inter-institutional collaboration on best practices*, having hosted a series of research study-related workshops for college and university administrators and faculty on teaching and learning and student services initiatives that support increased retention and student success. HEQCO also launched an ambitious two-year project comprising 13 research studies to assess and highlight innovative and effective teaching/learning practices at Ontario's colleges and universities.

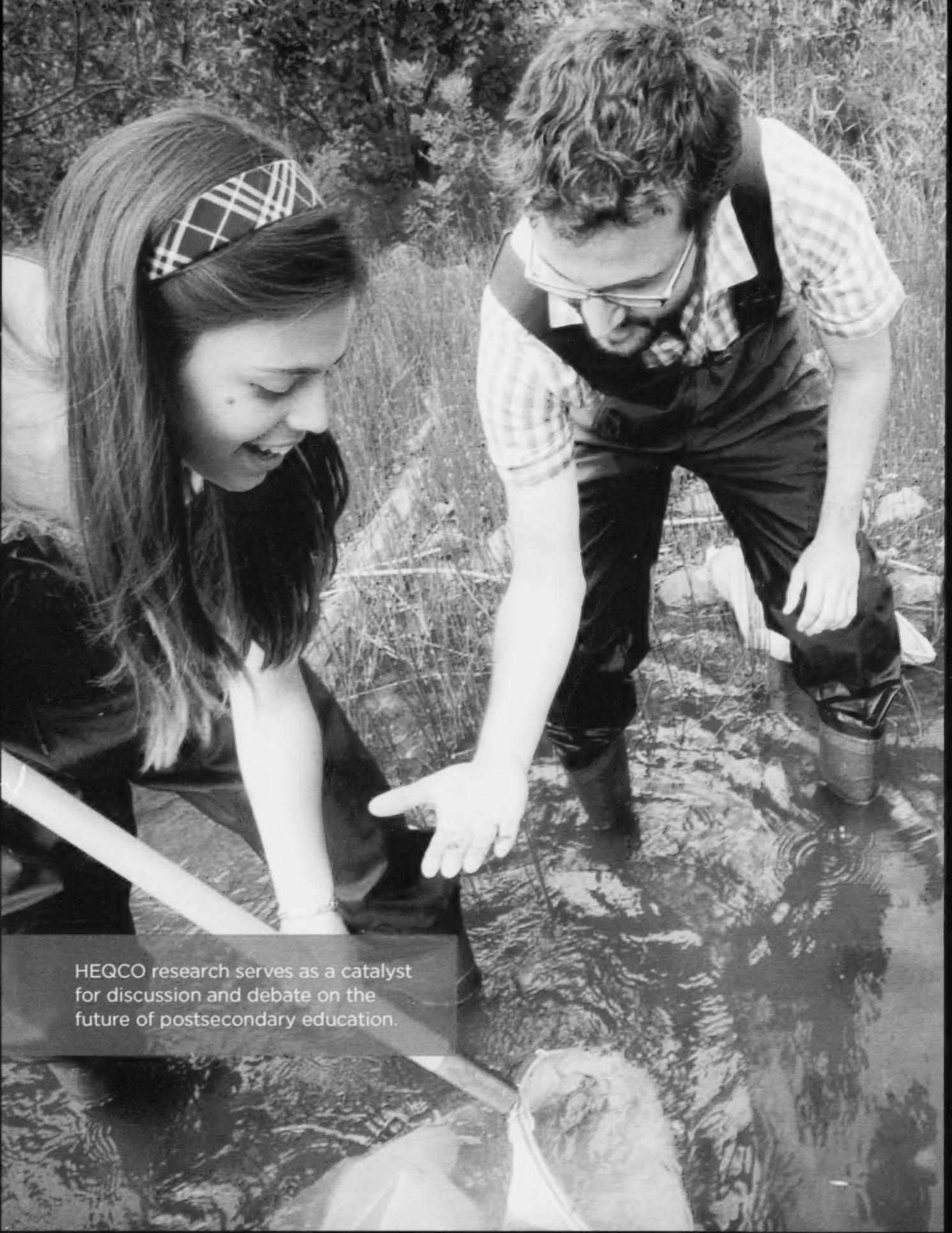
With the current economic landscape, we feel that it is now more important than ever to uphold *greater public transparency and awareness*. We have improved the public access to HEQCO research and activities using news-style summaries, extensive media relations and introduction of YouTube videos, Twitter and Facebook, as well as a summary of presentations and speeches given by HEQCO staff (HEQCO Connects). We also post the monthly expenses of all HEQCO executive staff on our website.

Going forward, HEQCO will host an international conference on measuring learning outcomes in May and will follow this with several key research projects in collaboration with institutions nationwide. We will also publish our first-ever community report in June. Research continues in our three main areas: accessibility, quality, and accountability (including system design), with projects exploring the sociocultural barriers to postsecondary education faced by under-represented groups, educational pathways for adult learners, teaching effectiveness, doctoral degree-holder alignment with the labour market, differentiated funding models, and the financial sustainability of Ontario's postsecondary education system.

We are in one of the most exciting and challenging periods of postsecondary education in the province. With limited resources, our institutions are grappling with increased participation, a greater focus on teaching quality and whether students are graduating with the skills they need to succeed. 2010–2011 was an ambitious and productive year for the Council. I am confident that HEQCO will continue to be at the forefront of these and other important issues facing the postsecondary education system now and in the future.



Frank Iacobucci, C.C., Q.C.
Chair



HEQCO research serves as a catalyst for discussion and debate on the future of postsecondary education.

Photo courtesy of Laurentian University

Executing our **Research Strategy**

HEQCO continues to conduct and publish research in its three main areas: accessibility, quality and accountability (including system design).

During 2010–2011, HEQCO signed 31 new research contracts with external contractors and published 30 research reports, three of which were produced internally by HEQCO (two were co-authored with outside partners) and three were *At Issue* papers produced by HEQCO.

Accessibility and Retention

Enrolments at Ontario's colleges, universities and trade/apprenticeship programs are at record levels, amid growing awareness of the lifetime benefits. Economically, the evidence is unequivocal. Postsecondary education graduates have lower unemployment rates and higher average annual earnings than those who only complete high school.

Building on the 2004 Rae Task Force, the government's Reaching Higher plan for PSE identified a number of specific groups as warranting particular attention in PSE: low-income families, Aboriginal persons, Francophones, new Canadians, persons with disabilities, and first generation students—those whose parents have no PSE experience. However, HEQCO research finds that some of these groups are, in fact, not underrepresented. First- and second-generation immigrant youth (those born outside of Canada or have a parent born outside of Canada), for example, are significantly more likely than non-immigrants to enrol in PSE, particularly university. Participation in PSE by Francophone youth is comparable to non-Francophones, with policy attention now focused on the availability of programs in French. Still, youth with no parental

no parental postsecondary experience, who identify as Aboriginal persons, have a disability, or are from low-income backgrounds are substantially less likely to attend a postsecondary institution.

Students from under-represented groups are slightly more reluctant to take out loans for PSE, according to the study *Willingness to Pay*, which may be a consequence of underestimating the future benefits of their education. The study suggests that a reluctance to pursue loans might prompt some people—especially those who have few alternative funding sources other than student loans and grants—to conclude that PSE is unaffordable and decide not to enrol.

According to the study *From Postsecondary Application to the Labour Market: The Pathways of Under-represented Groups*, students from these groups who pursue PSE are more likely to have jobs and family obligations while they attend school, and are more concerned about balancing school and employment. They are less likely to receive financial support from family, and are more likely to borrow from private sources rather than government programs to fund their education.

What influences students the most when it comes to attending college or university? Whether their parents attended a postsecondary institution. In fact, parental education may be the most consistently and uniformly important determinant of who goes to college or university, according to two recent studies (*Under-represented Groups in Postsecondary Education in Ontario: Evidence from the Youth in Transition Survey* and *Access to Postsecondary Education: How Ontario Compares*). The studies found that a single year of parental education has a greater positive impact on the likelihood of a son or daughter attending a postsecondary institution than does an extra $50,000 in annual parental income.

While access discussions often tend to focus on financial constraints such as tuition levels, loans and grants, the studies' authors say that attention should also be paid to improving student motivation and performance at or before the high school level. These and other studies point to the importance of educating students and their families about the costs and benefits of education, increasing awareness of financial aid programs and exploring early interventions that address the significant non-financial barriers to PSE—such as negative attitudes towards education and lack of family or community support.

Postsecondary graduates are not only finding jobs, they're out-earning high school graduates by almost 25 per cent, and the gap between earnings has more than doubled in the last 20 years.

Even in overcoming these barriers, some students who begin college or university studies end up dropping out. The current graduation rate for Ontario colleges is about 65 per cent, and over 79 per cent for university. While there is insufficient provincial data on precisely how many students transfer to another institution, leave and return to school, or leave permanently, national statistics indicate that some 20 per cent of college students and 15 per cent of university students enrolled fail to graduate within five years. Here too, early interventions could have a significant impact by identifying current PSE students who might be at risk of dropping out.

75 percentage of new jobs that will require some form of postsecondary education.

64 percentage of Ontarians ages 25 to 64 holding a postsecondary credential.

87 percentage of Ontario college students who are satisfied or very satisfied with the knowledge and skills acquired from their programs.

The recent study *Shifting from Retention Rates to Retention Risk: An Alternative Approach for Managing Institutional Student Retention Performance*, found that a pre-emptive approach could enable institutions to intervene before the student drops out. Among potential risk factors, according to the study: students who are attending part time, are not attending postsecondary institutions on scholarships or bursaries, have lower high school grades and/or have not declared a major.

Focusing on PSE accessibility and success is critical, as nearly three quarters of new jobs will require some form of postsecondary education. Currently, Ontario is leading the country in PSE attainment—more than 64 per cent of Ontarians ages 25 to 64 hold a postsecondary (college, university, apprenticeship or trade) credential. Canada's ability to meet future demands for skilled workers depends on continued growth in postsecondary participation rates. Among the best opportunities for that growth is increasing access and reducing barriers for groups that are currently underrepresented in our postsecondary institutions.

Quality

While there's growing interest in measuring quality in Ontario postsecondary education, for many students, the ultimate measures come after graduation—in the job market.

And job prospects are considerably better for those with a PSE credential. According to Statistics Canada, the unemployment rate in 2010 for those aged 25 to 44 without any PSE was 10.9 per cent versus 6.3 per cent for those with a PSE credential.

The study *Postsecondary Education and the Labour Market in Ontario* found that graduates are not only finding jobs; they're out-earning high school graduates by almost 25 per cent, and the gap between earnings has more than doubled in the last 20 years. While the number of university graduates in Ontario has increased markedly since 1986, the study found no signs of a general over-supply of highly educated labour (such as declining relative wages or greater likelihood of unemployment).

If earnings are a proxy for success, what you earn may depend on what you learn, according to the study *Exploring the Alignment between Postsecondary Programs and Labour Market Outcomes in Ontario*. Generally, graduates of engineering and computer science programs have the highest earnings within two years of graduation, followed by graduates of health, and business and commerce programs. Earnings in the engineering and mathematics/computer science fields have increased significantly in recent years, according to the study, even though there has been no real growth in the number of graduates in these fields, suggesting greater career opportunities in these technology-oriented fields.

Getting a good job is one driver of graduate satisfaction, but according to the study *What are the Influencers of Graduate Satisfaction and Labour Market Outcomes on Ontario College Graduates?* what happens on campus is almost as important as what happens later in the job market. The study finds that factors such as the relevance of course content and the quality of instruction have nearly the same impact on graduates' satisfaction.

It's no accident that HEQCO researchers are exploring effective teaching and learning. As the book *Taking Stock: Research on Teaching and Learning in Higher Education* (based on a HEQCO-sponsored research symposium) noted, much is known about so-called student-focused approaches to learning, where students are actively involved rather than passive recipients. But the book's authors say current postsecondary teaching practice isn't reflecting this knowledge and they call for the wide-scale adoption of effective teaching practices informed by this research.

60,000

Number of new student spaces that are expected to be created in Ontario by the year 2015-2016

Postsecondary educators appear eager to embrace the challenge even if they believe that research is more valued by their institutions. In the study *University Faculty Engagement in Teaching Development Activities Phase II*, almost 96 per cent of tenured faculty surveyed at six Ontario universities said that teaching is important or very important to their professional practice, while more than 70 per cent believe research has a bigger payoff than teaching in enhancing reputation and accessing funds. Nonetheless, the study found that faculty actively engage in teaching improvement, using both formal and informal methods including their institutional teaching/learning resource centres.

In partnership with universities and colleges from across the province, HEQCO has launched 13 research projects to evaluate innovative and effective teaching/learning practices over the next two years. The projects will also raise system-wide awareness of programs and techniques that have a proven impact on student success.

Critical to that success are the skills that students acquire during their college or university education. According to the report *A Fine Balance: Supporting Skills and Competency Development*, among the most important skills and capabilities identified by employers are so-called soft skills: communications, teamwork, integrity, intellectual and organizational ability, confidence and character. And according to the graduate satisfaction study, students also value these soft skills, considering them to be as important as specific job-related skills.

Accountability

A recent HEQCO-sponsored conference brought together international experts on postsecondary learning assessment. *Measuring the Value of a Postsecondary Education* (visit heqco.ca for an overview of the findings) explored ways to identify and measure the outcomes of a postsecondary education. The conference reflects HEQCO's international scope in identifying, evaluating and sharing best practice in postsecondary access, quality and accountability.

Institutions and the Ontario postsecondary system as a whole are already accountable in a variety of input/output measures such as entering grades, enrolment numbers and graduation rates. More recently, student satisfaction and engagement surveys have been added to the postsecondary institutional accountability mix. Ontario colleges utilize provincially mandated key performance indicators to measure the satisfaction of students, graduates and employers as well as each college's graduation and employment rates.

As the report *Student Engagement as a Quality Measure in the Ontario Postsecondary Education System* notes, colleges and universities want reliable data to help them identify effective educational practices as well as areas for improvement that will keep students in school, improve their academic performance and increase graduation rates.

The global trend in PSE is toward encouraging participation, allowing students a choice of programs with opportunities for changing direction, and supporting those who want to update or enhance their knowledge and skills.

What does the future hold?

Continued immigration and growth in the number of adult learners will impact PSE over the next 10 years, according to HEQCO research, as will efforts to increase participation by groups that are currently underrepresented. Anticipating the growth, the Ontario government announced a plan to create 60,000 new student spaces at colleges and universities by 2015-2016.

Ontario is the lead destination for Canadian immigrants, and their children are more likely to go to college or university than children whose parents were born in Canada. The study *Pathways of Immigrant Youth*, finds that immigrants tend to have high expectations for success, which motivates their children to succeed. The influence is most evident in East Asian immigrants and least evident in Caribbean and Latin American immigrants.

Tomorrow's enrolment numbers could be even higher if the PSE participation gap between men and women continues to close. According to *What About the Boys? An Overview of Gender Trends in Education and the Labour Market in Ontario*, while the percentages of male and female students going to college or university have increased, the rate of increase has been greater for females, who comprised approximately 55 per cent of college and university applications in 2007. The report notes, however, that the 20-year trend may be stabilizing as growth in the gender gap slows.

Adult learners will also contribute to changes in PSE enrolment, program delivery and services. Research shows that the highest proportion of Ontarians with unmet education or training needs is in the 25 to 54 age group. And even for well-educated and employed adults, advancements in technology and rapidly changing skill requirements will make it increasingly necessary to pursue new skills and upgrade existing ones.

Those same technological advances are already reshaping how and where students learn. A HEQCO forum on teaching strategies for large classes found that innovative teachers and new technologies could render extinct the traditional lecture-only approach to large-enrolment classes. From downloadable interactive lectures to on-line course communities—new techniques are personalizing learning and sparking creativity in classes large and small, whether on-site or by distance learning.

If current trends continue, tomorrow's PSE system will reflect growing diversity in student educational pathways, offering more flexibility and mobility between educational institutions. The HEQCO study *Forging Pathways: Students Who Transfer Between Ontario Colleges and Universities* found that the number of students continuing their education by transferring between colleges and universities has increased over the last decade.

Almost 8 per cent of college graduates furthered their education in a degree program in 2008-2009, up from 5.3 per cent in 2001-2002. The percentage of college students who are university graduates has also increased: 10 per cent in 2009-2010 compared to 8 per cent a decade earlier. Students are voting with their feet, and the provincial government has responded, allocating almost $74 million over five years to implement a credit transfer system that will help students complete their studies sooner, create new credit transfer pathways, provide greater supports for transfer students and better information about opportunities available to them.

The global trend in PSE is toward encouraging participation, allowing students a choice of programs with opportunities for changing direction, and supporting those who want to update or enhance their knowledge and skills. According to the study, *Encouraging Participation: Trends in Pathways to Postsecondary Education*, higher education is becoming more attuned to ever-evolving skills in the labour market, moving toward a system that offers diverse pathways through all postsecondary options in partnerships with students, parents, community partners, business and industry.

Ontario's postsecondary sector is already seeing more participation in work-based learning programs ranging from cooperative education to apprenticeships. A recent Ipsos Reid survey found that almost a quarter of Ontarians with some postsecondary experience have participated in co-op education alone, proportionately more than any

other Canadian province. And with the establishment of the Ontario College of Trades in 2009, Ontario is expanding its focus on the apprenticeship and skilled trades system, where currently more than 120,000 apprentices are learning trades. HEQCO research finds that postsecondary institutions and the employers involved in work-integrated learning view it as an important part of the student experience, preparing students to enter the labour market with relevant, transferable and marketable skills.

HEQCO research also serves as a catalyst for discussion and debate on the future of postsecondary education. According to the HEQCO-commissioned book *Academic Transformation: The Forces Reshaping Higher Education in Ontario*, the province's universities have gravitated from primarily teaching-based to so-called research-intensive institutions, "the most costly, volatile and risky model of university education." As a result, universities have struggled to balance the high costs of generating research-based knowledge with the growing enrolment of students who have diverse backgrounds, needs and learning styles. The authors say the PSE system and its students could benefit from a greater variety of degree granting institutions, such as those that focus primarily on undergraduate teaching, offer three-year and pre-professional degrees, that create a greater role for colleges in degree-granting and increase focus on trades training and underprepared learners.

If the future of higher education is a more student-centered and responsive system, one that gives students greater clarity on which institutions best serve their career and personal goals, system adjustments will be required.

Another catalyst of discussion is the HEQCO report *The Benefits of Greater Differentiation of Ontario's University Sector*, which challenges universities to be accountable based on their mission and priorities, to set measureable goals based on their strengths, and to expect that new provincial funding will hinge on whether those goals are met. The report says that this differentiated approach would produce a postsecondary system that is "more cohesive, more fluid, more sustainable and higher quality."

Furthermore, with the current tuition policy framework for Ontario's colleges and universities set to expire in 2012-2013, the government will have to make some decision as to which approach to adopt. Our *@ Issue* Paper, Tuition Fee Policy Options for Ontario presents some approaches for consideration including: the fee cap approach whereby variations including rollbacks, freezes, tying increases to the Consumer Price Index and the current government policy of allowing an annual increase of 5 per cent in average tuition fees may occur; the shares approach with its balance between the relative cost of PSE that should be borne by tuition versus the government; constrained deregulation, which would give institutions more discretion in setting fees within and among programs while retaining an overall fee cap; and full deregulation that would allow discretion in setting fees and remove an overall fee cap.

Check out heqco.ca for a complete list of current research and reports.

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Discovering and **Sharing Knowledge**

HEQCO continues to share its research with the public and engage its stakeholders in meaningful ways. In 2010-2011, HEQCO hosted six events and workshops to showcase its research and research being done in the sector.

2010/11 WORKSHOP & EVENTS

1 June 23, 2010
Taking Stock: Research on Teaching and Learning in Higher Education

Pre-Conference Workshop, 30th Annual Society for Teaching and Learning in Higher Education Conference

The workshop, part of the 30th Annual Society for Teaching and Learning in Higher Education (STLHE) Conference, was an opportunity for practitioners from across the country to discuss the findings from the book and drill down into what modifications are needed within the system to affect change in the quality of teaching and learning at our institutions.

2 June 29, 2010
Enhancing Student Success in Postsecondary Education

Ensuring that students have a worthwhile student experience while pursuing a credential and succeed in postsecondary education is a top priority for HEQCO research. That is why the topic of student success was the primary focus of our research conference that showcased the outcomes of various interventions that aim to improve student access, retention, and success—as well as effective teaching and learning—at Ontario's colleges and universities.

3 October 22, 2010
Workshop on Teaching and Learning

HEQCO hosted a one-day workshop to launch 13 research projects designed to assess and highlight innovative and effective teaching/learning practices at Ontario's colleges and universities. Each research project examines specific strategies that institutions are using to support the development of effective teaching and learning.

4 December 6, 2010
Presentation by Tim O'Neill on his report on Nova Scotia's University System

Former BMO chief economist Tim O'Neill made national headlines this fall with the release of his controversial recommendations for restructuring Nova Scotia's university system. Commissioned by the Nova Scotia government, the report was greeted with "cautious warmth by university administrators," said the Globe and Mail, and "seeks to gut Nova Scotia universities," said Macleari's OnCampus. And that was just the beginning, as the postsecondary sector across Canada struggles with its own sustainability issues.

5 March 23, 2011
Sharing Forum on Teaching Large Classes

HEQCO is conducting an exploratory study that will describe how Ontario universities are approaching the challenge of maintaining teaching and learning quality in large classes. To continue the discussion, HEQCO hosted a one-day forum where initial research themes were unveiled. It was also an opportunity for practitioners from across different fields of study to engage with one another and share techniques and methodologies to successfully deal with the challenges and opportunities of teaching large classes.

6 March 30, 2011
Workshop on the Role of Teaching and Learning Centres

HEQCO hosted a one-day workshop to explore the current and future role of Teaching and Learning Centres in Ontario colleges and universities, and some possibilities for future research and other initiatives intended to enhance teaching and learning quality within Ontario PSE institutions. Workshop proceedings will be published by HEQCO in Fall 2011.

Photo courtesy of University of Ottawa

Presidential outreach is another avenue in which we engage with our stakeholders. James Downey retired after a three-year term as president of HEQCO on March 31st, 2010. Harvey P. Weingarten was appointed president on July 1st, 2010.

Dr. Weingarten has participated in approximately 180 outreach activities since he took office in July 2010 (up to March 31st, 2011). His many commitments included interviews by prominent print, online and broadcast media; consultations with colleges, universities, provincial and federal stakeholders, and government officials (Canadian and international); discussions with business leaders; speaker at distinguished conferences; and member of advisory panels, steering committees, and working groups on PSE.

During the past year, HEQCO staff gave over 45 presentations at education-related conferences and events across Canada and internationally. Some presentations include:

- Ken Norrie, "Educational Quality: Can We Measure It? Can We Improve?" Presentation to Mount Royal University, Calgary AB, May 2010.
- Ursula McCoy and Shuping Liu, "How did the recent economic downturn affect the labour market experiences of Ontario's College graduates? A comparison of the graduating classes of 2008 and 2009." Presentation at the Canadian Institutional and Research Planning Association's 2010 Conference, Ottawa ON, October 2010.
- R. Wiggers & C. Arnold. "Student Services Interventions for Teaching and Learning: Findings From HEQCO-Sponsored Research in Ontario Colleges". Centennial Symposium on Scholarship of Teaching and Learning, Mount Royal University, Banff, Canada, 2010.

HEQCO staff have given over 45 presentations at education-related conferences and events across Canada and internationally over the past year.

Strengthening **our Infrastructure**

HEQCO strives to be accountable to the public in all of its activities.

In 2010–2011, some HEQCO policies were reviewed and updated to conform to revised Government Directives and audit requirements. These include:

- updates to the human resources policy;
- adoption of the Government's revised travel, meals and hospitality policies;
- creation of a new delegation of authority framework (financial); and
- realignment of financial processes to ensure preauthorization of expenditures, segregation of duties, to maintain controls and to create checks and balances.

We have also improved the public access to our research and activities using news-style summaries, extensive media relations and introduction of YouTube videos, Twitter and Facebook, as well as a summary of presentations and speeches given by HEQCO staff. Furthermore, we have adopted the practice of posting the monthly expenses of all HEQCO executive staff on our website.

In 2011-12, efforts will be directed towards:

- updating the research contracting process, and
- renegotiation of HEQCO's Memorandum of Understanding with the Minister of Training, Colleges and Universities (expires in December 2011)

HEQCO's research is driven by three key issues

Photo courtesy of Carleton University

Outlook for 2011-2012

HEQCO will continue to conduct research in accessibility, quality and accountability in the coming year and beyond.

On accessibility and retention, HEQCO research will include:

- the sociocultural barriers to access, with a focus on under-represented group such as first generation students, Francophone students, low-income students, and students with disabilities;
- educational financial literacy;
- transitions from high school to postsecondary education;
- pathways and barriers for adult learners transitioning into postsecondary education; and
- identifying students at risk of not completing their studies and evaluating support programs to improve retention and graduation rates.

Furthering its quality agenda, HEQCO research will include:

- teaching effectiveness, with projects underway on teaching and learning, effective practices in teaching large classes, and the use of technology in the classroom;
- measuring learning outcomes and whether students are getting the skills they need to succeed in the labour market;
- retention for apprentices;
- labour market outcomes of doctoral students; and
- the rates of return to postsecondary education.

On accountability, HEQCO research will include:

- the financial sustainability of public higher education institutions; and
- differentiated funding models.

In 2011-12, the Council projects the release of 26 multi-year projects prepared externally, four internal research papers and 10 *@ Issue* papers that are currently underway.

ACCESSIBILITY
achievable, able to be obtained, used or experienced.

QUALITY
the characteristics of a product or service that fulfill or exceed expectations.

ACCOUNTABILITY
demonstrating the worth and use of public resources.

Board of Directors and Officers of the Council

The Higher Education Quality Council of Ontario's board of directors brings a rich diversity of perspectives to the Council. Board members draw upon backgrounds in business, postsecondary education, and public service to guide and support the Council's initiatives. The board of directors is responsible for setting strategic direction of the Council and ensuring that its activities remain aligned with its mandate.

The Council's board of directors met six times during 2010–2011: May 18, July 13, October 5, December 7, and two meetings on March 22. All board appointments are made by the Lieutenant Governor in Council.

The Honourable Frank Iacobucci, C.C., Q.C.
CHAIR

The Honourable Frank Iacobucci has had a distinguished career in private legal practice, academe, public service, and the judiciary. He received his B. Comm. and LL.B from the University of British Columbia. He went on to receive his LL.M. and Dip. Int'l L. from Cambridge University. In 1967, he joined the Faculty of Law, University of Toronto, and was a professor of law there until 1985. He also served as vice-president, internal affairs at the University of Toronto from 1975 to 1979 and dean of the Faculty of Law from 1979 to 1983. From 1983 to 1985, he was vice-president and provost of the University. In 1985, he was appointed deputy minister of justice and deputy attorney general for Canada; in 1988, chief justice of the Federal Court of Canada; and in 1991, a justice of the Supreme Court of Canada.

He retired from the Supreme Court of Canada in June 2004 and served as interim president of the University of Toronto from September 2004 until June 2005. On July 1, 2005, he joined Torys LLP as counsel and became chairman of Torstar Corporation. He currently serves as a conduct review advisor for the Canada Pension Plan Investment Board and is a member of the board of directors of Tim Hortons Inc. As well, he is a member of the Law Commission of Ontario. He is a Companion of the Order of Canada.

Norie Campbell
BOARD MEMBER

Norie Campbell is a senior vice-president and assistant general counsel in the legal department at TD Bank Financial Group. From June 2004 to January 2006, she was vice-president and special assistant to the chief executive officer.

Prior to joining the legal department of TD Bank Financial Group in December 2000, she practised at the firm of McCarthy Tétrault LLP in their business law group. She is a member of the board of directors of the St. Christopher House Community Endowment. She holds a LL.B. and LL.M. (banking and financial services) from Osgoode Hall Law School. She was called to the Bar in Ontario in 1997.

Gisèle Chrétien
BOARD MEMBER

Gisèle Chrétien served as president of Collège Boréal in Sudbury from 1998 to 2006. Prior to this, she was vice-president of programs and academic support at Collège Boréal, dean of community and health services, and director of health services.

She is currently the chair of the board of directors of the Sudbury Regional Hospital, and chair of the board of directors of TFO. She holds a diploma in nursing from Cambrian College, a B.Sc. in nursing from Laurentian University, and an M.Ed. from the Ontario Institute of Studies in Education at the University of Toronto.

Navin Dave
BOARD MEMBER

Navin Dave is the managing partner for global resource leveraging for KPMG. From 1984 to 1988 he was partner-in-charge of the Calgary office management consulting division. In 1994, he transferred to New Delhi, India as managing partner of KPMG India. On his return to Canada, he was appointed Calgary office managing partner and area managing partner for western Canada.

He holds a B.Sc. in mechanical engineering from the University of London and an M.Sc. in production engineering from the University of Birmingham. He is a fellow of the Institute of Chartered Accountants and a certified management consultant.

Catherine Henderson
BOARD MEMBER

Currently a management consultant, Catherine Henderson has served as president of the Ontario College of Art and Design, president of Centennial College, and vice-president, academic of Sheridan College. During her distinguished career, she has also held a variety of academic positions at other leading Ontario educational institutions.

She is active in the community and is a member of the boards of the Multiple Sclerosis Society of Canada and the Toronto Waterfront Revitalization Corporation Advisory Committee. She holds an Ed.D. from the University of Toronto, an M.Ed. from Brock University, a B.A. from the University of Toronto, and a diploma from Sheridan College.

David Marshall
BOARD MEMBER

David Marshall is president of Mount Royal University, a position he has held since 2003. Prior to joining Mount Royal University, he had a long career in education as a high school teacher, professor and dean. Most recently he served as president and vice-chancellor of Nipissing University and for 13 years led that institution's transition to independent university status. He is currently leading Mount Royal through a similar transformation process.

He is a leader in the postsecondary education sector and has published on higher education management and undergraduate education. He holds various executive positions with several international higher education organizations. He holds a B.Sc. from the University of Western Ontario, a Diploma in Education from Lakehead University, and an M.Ed. and Ph.D. in educational administration from the University of Alberta.

Deborah Newman
BOARD MEMBER
(non-voting)

In December 2008, Deborah Newman was appointed Deputy Minister for the Ministry of Training, Colleges and Universities. Prior to this appointment, she served for three years as Deputy Minister with the Ministry of Community Safety and Correctional Services. Deborah was responsible for policing, correctional services and public safety, including the Ontario Provincial Police (OPP), oversight of municipal policing, the Centre of Forensic Sciences, the Office of the Chief Coroner, the Office of the Fire Marshal and Emergency Management Ontario.

Prior to joining the Ontario Public Service in 1987, Deborah held a number of senior management roles in correctional services in Alberta.

Deborah Newman holds a Bachelor's degree in Psychology, a Master's degree in Criminology from the University of Ottawa, and is a graduate of the Queen's University Public Executive Program.

OFFICERS OF THE COUNCIL

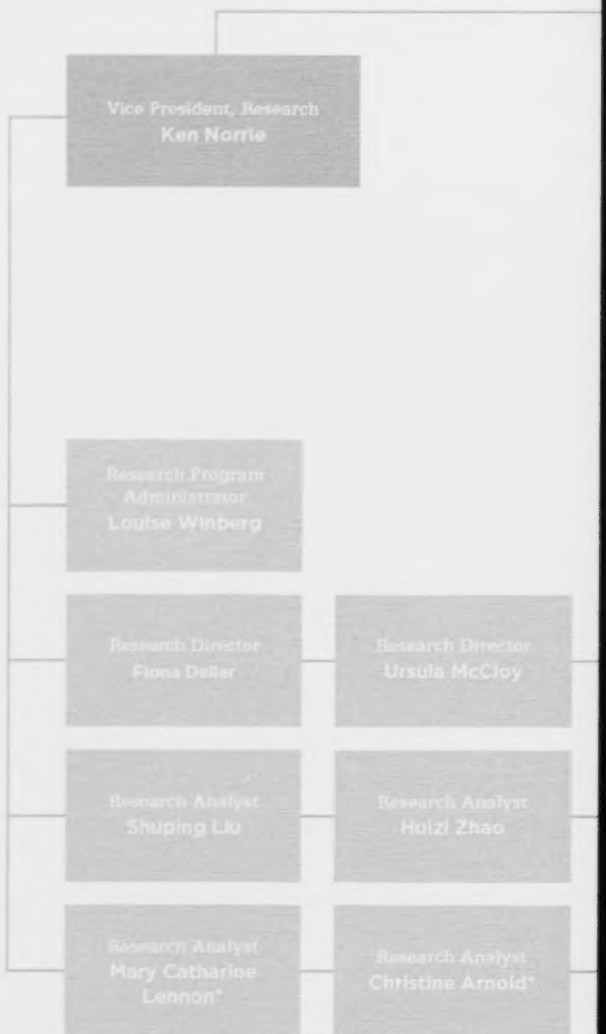
Harvey Weingarten
PRESIDENT AND CEO
July 1, 2010 – Present

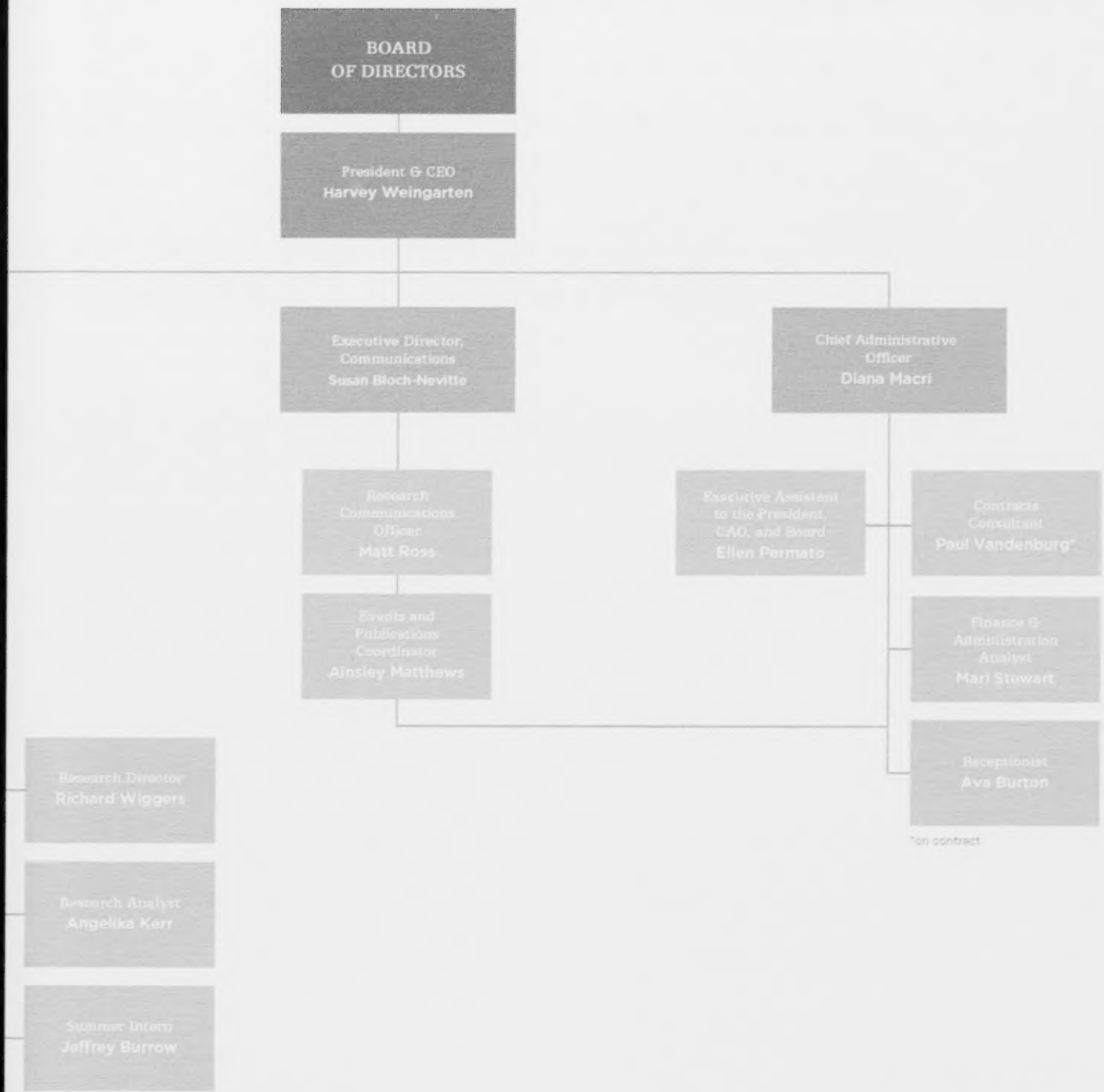
Ken Norrie
VICE PRESIDENT, RESEARCH
February 8, 2007 – Present
INTERIM PRESIDENT
April 1, 2010 – June 30, 2010

Diana Macri
CHIEF ADMINISTRATIVE OFFICER
December 1, 2009 – Present

Susan Bloch-Nevitte
EXECUTIVE DIRECTOR, COMMUNICATIONS
September 7, 2010 – Present

We are HEQCO




BOARD OF DIRECTORS
President & CEO
Harvey Weingarten
Executive Director, Communications
Susan Bloch-Nevitte
Chief Administrative Officer
Diana Macri
Research Communications Officer
Matt Ross
Events and Publications Coordinator
Ainsley Matthews
Executive Assistant to the President, CAO, and Board
Ellen Permato
Contracts Consultant
Paul Vandenburg*
Finance & Administration Analyst
Mari Stewart
Receptionist
Ava Burton
Research Director
Richard Wiggers
Research Analyst
Angelika Kerr
Summer Intern
Jeffrey Burrow

*on contract

Deloitte
Independent Auditor's Report

DELOITTE & TOUCHE LLP

To the Board of Directors of Higher Education Quality Council of Ontario:

We have audited the accompanying financial statements of Higher Education Quality Council of Ontario, which comprise the statement of financial position as at March 31, 2011, and the statements of operations, change in net debt and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Manager's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Higher Education Quality Council of Ontario as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
May 17, 2011

Statement of Financial Position

as at March 31, 2011

	2011	2010
Financial Assets		
Cash	$1,434,592	$752,922
HST receivable	$28,869	–
Interest receivable	$757	$175
	$1,464,218	**$753,097**
Liabilities		
Accounts payable and accrued charges	$1,256,224	$685,139
Due to Ministry of Training, Colleges and Universities (Note 4)	$187,160	$113
Lease inducement	$41,800	$80,386
Deferred capital contributions (Note 5)	$339,096	$332,908
	$1,824,280	**$1,098,546**
Net debt	**($360,062)**	**($345,449)**
Non-Financial Assets		
Tangible capital assets (Note 6)	$339,096	$332,908
Prepaid expenses	$20,966	$12,541
	$360,062	**$345,449**
Accumulated Surplus	–	–

Approved by the board

DIRECTOR

DIRECTOR

Statement of Operations

Year Ended March 31, 2011

	Budget	2011 Actual	2010 Actual
Revenues			
Provincial funding	$5,000,000	$4,648,185	$5,142,352
Amortization of deferred capital contributions (Note 5)	$155,900	$158,580	$168,443
Interest income	$2,100	$7,850	$2,101
	$5,158,000	**$4,814,615**	**$5,312,896**
Expenses (Note 3)			
Governance	$746,000	$797,891	$934,488
Research	$3,577,000	$3,184,855	$3,494,221
Administration	$835,000	$831,869	$884,187
	$5,158,000	**$4,814,615**	**$5,312,896**
Surplus for the Year and Accumulated Surplus, End of Year	–	–	–

Statement of Change in Net Debt

Year Ended March 31, 2011

	Budget	2011	2010
Net Debt, Beginning Of The Year	$345,449	$345,449	$499,618
Surplus for the year	–	–	–
Acquisition of tangible capital assets	–	$164,768	$13,905
Amortization of tangible capital assets	($155,900)	($158,580)	($168,443)
Other adjustments – prepaid expenses	–	$8,425	$369
Net Debt, End Of The Year	$189,549	$360,062	$345,449

Statement of Cash Flows

Year Ended March 31, 2011

	2011	2010
Operating Transactions		
Surplus for the year	-	-
Items not involving cash		
Amortization of deferred capital contributions	($158,580)	($168,443)
Amortization of tangible capital assets	$158,580	$168,443
Amortization of lease inducement	($38,586)	($38,584)
Change in non-cash operating items		
HST receivable	($28,869)	-
Interest receivable	($582)	$595
Prepaid expenses	($8,425)	($369)
Accounts payable and accrued charges	$571,085	($119,442)
Due from Ministry of Training, Colleges and Universities	-	$98,630
Due to Ministry of Training, Colleges and Universities	$187,047	$113
	$681,670	**($59,057)**
Capital Transaction		
Acquisition of tangible capital assets	$164,768	$13,905
Financing Transaction		
Deferred contributions related to capital assets	($164,768)	($13,905)
Increase (decrease) in cash	$681,670	($59,057)
Cash, beginning of year	$752,922	$811,979
Cash, End Of Year	$1,434,592	$752,922

Notes to the Financial Statements

March 31, 2011

1. The Organization

Formation and status

The authority to create the Higher Education Quality Council of Ontario (the "Council") was established in the Higher Education Quality Council of Ontario Act, 2005. The Council is a Crown Agency of the Ministry of Training, Colleges and Universities (MTCU) and is classified as an Operational Services agency.

The Higher Education Quality Council is a corporation without share capital and is not subject to the Corporations Act or the Corporation Information Act. The Council is subject to section 132, subsection 134(1) and section 136 of The Business Corporations Act. As an agent of the Crown, the Council is not subject to income tax.

The Council is, and exercises its powers only as, an agent of the Crown. Limits on the Council's ability to undertake certain activities are set out in both the Act and The Memorandum of Understanding between the Council and MTCU dated December 6, 2006.

Council operations

The objective of the Council is to assist the Minister of Training, Colleges and Universities in improving all aspects of the postsecondary education sector, including improving the quality of education provided in the sector, access to postsecondary education and accountability of postsecondary educational institutions.

The Council is governed by a Board of Directors who are appointed by Order-in-Council.

2. Significant accounting policies

The financial statements of the Higher Education Quality Council of Ontario are the representations of management prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

Accounting policies followed by the Council are as follows:

Accrual basis of accounting

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired, and a legal liability is incurred or transfers are due.

Government transfer payments.

The Council is funded solely by the Province of Ontario in accordance with budget arrangements established by MTCU. These financial statements reflect agreed funding arrangements approved by the MTCU.

Government transfer payments from the MTCU are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and reasonable estimates of the amount can be made.

Deferred contributions
Certain amounts, including transfer payments from the MTCU, are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. Funding is only recognized as revenue in the fiscal year the related expenses are incurred or services performed.

Any amounts received that are used to fund the acquisition of tangible capital assets, are recorded as deferred capital contributions and are recognized over the useful life of the asset reflective of the provision of its services. Deferred capital contributions are amortized into revenue in accordance with the amortization policy applied to the related capital asset recorded.

Tangible capital assets
Tangible capital assets are recorded at historical cost. The cost of tangible capital assets contributed is recorded at the estimated fair value on the date of contribution. Where an estimate of fair value cannot be made, the tangible capital asset would be recognized at nominal value.

Maintenance and repair costs are recognized as an expense when incurred. Betterments or improvements that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized. Computer software is recognized as an expense when incurred.

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Computer equipment	3 years
Furniture and equipment	5 years
Leasehold improvements	Life of lease

Use of estimates
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from these amounts.

3. Expenses by object

				2011	2010
	Governance	Research	Administration	Total	Total
Salaries and benefits	$630,916	$1,222,303	$256,924	$2,110,143	$1,951,792
Research contracts	-	$1,624,368	-	$1,624,368	$2,330,105
Consulting contracts	$31,243	-	$1,265	$32,508	$205,055
Other operating expenses	$135,732	$338,184	$573,680	$1,047,596	$825,944
	$797,891	**$3,184,855**	**$831,869**	**$4,814,615**	**$5,312,896**

4. Due to the Ministry of Training, Colleges and Universities

In accordance with the Council's Memorandum of Understanding, funding received in excess of expenditures may be required to be repaid and is recorded as due to Ministry of Training, Colleges and Universities.

5. Deferred capital contributions

During the year, the Council utilized $164,768 of its MTCU funding (2010 - $13,905) for additional capital asset purchases. The MTCU funds used to purchase these capital assets have been included as part of deferred capital contribution and are to be amortized into revenue on the same basis as the amortization of the purchased assets.

6. Tangible capital assets

	2011	2010
Balance, beginning of year	$332,908	$487,446
Contributions received	$164,768	$13,905
Less amounts amortized to revenue	$158,580	$168,443
Balance, end of year	**$339,096**	**$332,908**

7. Pension agreements

				2011	2010
	Computer Hardware	Leasehold Improvements	Furniture and Equipment	Total	Total
Cost					
Opening balance	$51,745	$707,569	$37,209	$796,523	$782,618
Additions	$87,380	$32,835	$44,553	$164,768	$13,905
Disposals	-	-	-	-	-
Closing balance	**$139,125**	**$740,404**	**$81,762**	**$961,291**	**$796,523**
Accumulated Amortization					
Opening balance	$47,732	$405,669	$10,214	$463,615	$295,172
Current year amortization	$6,226	$144,912	$7,442	$158,580	$168,443
Adjustments	-	-	-	-	-
Closing balance	**$53,958**	**$550,581**	**$17,656**	**$622,195**	**$463,615**
Net Book Value	$85,167	$189,823	$64,106	$339,096	$332,908

The Council makes contributions on behalf of its staff to the Public Service Pension Plan (PSPP) administered by the Ontario Pension Board (OPB), which is a multi-employer plan. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The contribution rates in 2010/2011 were 6.4% of the Year's Maximum Pensionable Earnings (YMPE) plus 9.5% on earnings above the YMPE.

Contributions in the amount of $83,106 (2010 - $68,620) were made for employee earnings and are included in expenses on the statement of operations.

8. Lease obligations and other commitments

The Council entered into a lease for 7,670 rentable square feet of office space on the 24th floor of 1 Yonge Street, Toronto, negotiated by the Ontario Realty Corporation, for a term of 5 years beginning May 15, 2007. Rentable square feet increased to 7,717 as a result of landlord's improvements to meet requirements in the Council's lease. Rent is payable monthly.

The Council's lease provided for a cash payment of $25 per rentable square foot, as a rent inducement. An amount of $192,925 has been received, and a portion of this has been amortized to reduce rent expense during the year. Amortization will continue over the term of the lease.

Minimum annual payments under operating leases are as follows:

Year	Rent	Equipment
2011-2012	$255,278	$8,331
2012-2013	$31,910	$8,331
2013-2014	-	$7,836
2014-2015	-	$1,279
TOTAL	**$287,188**	**$25,777**

9. Contractual obligations

The Council has signed multi-year contracts with academic researchers where deliverables and payments are due over several years. These represent amounts for research services that have yet to be provided.

Year	Research Contracts
2011-2012	$725,573
2012-2013	$355,256
2013-2014	$37,611
2014-2015	$11,610
TOTAL	**$1,130,050**

Notes

Higher Education Quality Council of Ontario

An agency of the Government of Ontario

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